

# EXHIBIT 8

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14 UNITED STATES DISTRICT COURT

15 NORTHERN DISTRICT OF CALIFORNIA

16 SAN JOSE DIVISION

18 MOTOROLA MOBILITY, INC.,

19 Counterclaimant,

20 vs.

21 MICROSOFT CORPORATION,

22 Counterclaim Defendant.

Case No. CV 11-03136-JF

**MOTOROLA MOBILITY, INC.'S  
MEMORANDUM OF POINTS AND  
AUTHORITIES IN SUPPORT OF  
MOTION FOR TEMPORARY  
RESTRAINING ORDER**

Fed. R. Civ. P. 65(a); Civ. L.R. 65-2

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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 Counterclaimant Motorola Mobility, Inc. ("Mobility") submits this memorandum of law in  
3 support of its motion for a temporary restraining order barring Counterdefendant Microsoft  
4 Corporation ("Microsoft") from continuing to pursue its patent infringement claims on U.S.  
5 Patents 5,579,517 and 5,758,352 (the "FAT Patents") in the International Trade Commission  
6 ("ITC") (*In the Matter of Certain Mobile Devices, Associated Software, and Components Thereof*,  
7 Investigation No. 337-TA-744), and the Western District of Washington (Civil Action No. 10-  
8 1577) (the "FAT Actions").<sup>1</sup> The request is based on two forum selection clauses in contracts to  
9 which Mobility is a third party beneficiary. Microsoft has taken and continues to take actions in  
10 the International Trade Commission and the Western District of Washington in violation of its  
11 contractual obligations to Mobility.

12 **PRELIMINARY STATEMENT**

13 Microsoft's contractual commitments to a standard setting organization, the SD Card  
14 Association ("SDA"), require it to provide Mobility with an offer to license on reasonable and  
15 non-discriminatory terms two of the patents at issue (the '517 and '352 patents) in the "FAT  
16 Actions." The agreements between Microsoft and the SDA contain explicit forum selection  
17 clauses providing that disputes under these agreements must be brought in the federal or state  
18 courts in California. As a third party beneficiary of these agreements, Mobility may sue  
19 Microsoft for breach of its contractual obligations arising from these agreements with the SDA.  
20 Any such breach of contract action needs to be brought in California pursuant to the explicit forum  
21 selection clauses in the agreements at issue.

22 The SDA, a non-profit California corporation having its principal place of business in  
23 California, enters into licensing agreements with parties such as Microsoft for the benefit of the  
24 public, to establish an open licensing program that permits any interested party to implement  
25 standard technology in the relevant industry (secure digital cards or "SD" cards) and ensure  
26

27 <sup>1</sup> Civil Action No. 10-1577 is currently stayed pursuant to 28 U.S.C. § 1659. Once the FAT  
28 Patents are dismissed in that case, the seven other asserted patents will remain stayed pending a  
final determination of the ITC in Investigation No. 337-TA-744.



1 interoperability of devices made by different manufacturers. Microsoft's infringement claims on  
2 the FAT Patents in the ITC and Western District of Washington violated its obligations under the  
3 forum selection clauses of its agreements with the SDA. The parties' dispute under these  
4 agreements relating to Microsoft's obligations to license the '517 and '352 patents should instead  
5 be litigated in this Court. To this end, Mobility filed counterclaims in this investigation arising  
6 out of Microsoft's breach of its commitments to offer a license on the '352 and '517 patents on  
7 reasonable and non-discriminatory ("RAND") terms, along with a notice of removal to this Court.  
8 It is wasteful of the resources of the Court, the ITC, and the parties for these disputes to be  
9 litigated in parallel in two separate forums.

10 In 2003, Microsoft entered into a Host/Ancillary Product License Agreement ("HALA")  
11 with the SDA. Under this HALA as well as SDA's IP Policy, Microsoft is required to license on  
12 RAND terms certain patents relating to implementation of standards proposed by Microsoft and  
13 adopted by the SDA for use with SD Cards and associated host devices such as smartphones,  
14 including the '517 and '352 patents asserted in this proceeding. Yet, despite Mobility's requests,  
15 Microsoft has refused to provide its license terms (much less RAND terms) for the '517 and '352  
16 patents to Mobility, as it is obligated to do. Instead, Microsoft has continued to pursue the FAT  
17 Actions based on Mobility's alleged infringement of the '517 and '352 patents in complete  
18 disregard of its contractual duties under the HALA agreement and the SDA IP Policy. In  
19 response, Mobility has alleged several affirmative defenses and counterclaims based on  
20 Microsoft's failure to license the '517 and '352 patents.<sup>2</sup> Notably, Microsoft withheld production  
21 of the HALA agreement until May 16, 2011. Had Microsoft produced the HALA earlier, as  
22 Mobility requested, Mobility would have brought this motion for a temporary restraining order  
23 long before now.

24 Under Microsoft's HALA agreement and the SDA IP policy, the ITC and Western District  
25 of Washington were not appropriate forums for Microsoft to bring its infringement claims  
26

27 <sup>2</sup> For example, Mobility's first, fourth, ninth, and tenth affirmative defenses in the ITC  
28 action are grounded, in part, in Microsoft's failure to comply with the SDA IP Policy, Microsoft's  
HALA agreement, and the SDA's bylaws.

1 regarding the '517 and '352 patents. Those patents should only be litigated in this Court.  
2 Indeed, the Microsoft HALA expressly provides a forum selection clause that requires all disputes  
3 "arising out of or in connection with the interpretation or execution of this agreement" to be  
4 "finally settled by the federal or state courts located in the County of Santa Clara in the State of  
5 California." Similarly, the SDA IP Policy further provides that courts in Santa Clara County,  
6 California have "exclusive jurisdiction" over "any matters" under the policy.

7 Microsoft's refusal to assert the FAT Patents in this District, in breach of its agreements, is  
8 the only way that Microsoft has been able to preserve its pending infringement claims on those  
9 patents in the ITC and Western District of Washington. Indeed, Microsoft's claims necessarily  
10 fail if Mobility is licensed pursuant to the HALA and SDA IP Policy, as Mobility has a right to be.  
11 Mobility's affirmative defenses (and counterclaims) arise out of Microsoft's breach of its  
12 obligations under these agreements. Thus, resolution of the parties' claims and defenses  
13 regarding the FAT Patents, which all relate to the interpretation and execution of the Microsoft  
14 agreements, is necessarily governed by the controlling forum selection clauses, and therefore,  
15 must be heard in California.

16 The duplication of litigation in this forum and California will severely prejudice Mobility,  
17 which has already had to bear the burden and expense of defending against Microsoft's claims in  
18 this complex, nine patent investigation. As the Court of Appeals for the Federal Circuit  
19 acknowledged in a similar case, failing to enforce the agreed-upon forum selection clause would  
20 require the defendant "to fight infringement battles on two fronts," and would thereby waste the  
21 time and resources of the ITC in this proceeding to litigate issues that Microsoft has more than  
22 once agreed can only be heard in California courts. *See Texas Instruments Inc. v. Tessera, Inc.*,  
23 231 F.3d 1325, 1332 (Fed. Cir. 2000). There can be no dispute this Court has the authority to  
24 enjoin Microsoft from proceeding outside this forum on the FAT Patents due to the applicable  
25 forum selection clauses. Indeed, earlier this month, the Federal Circuit affirmed a district court  
26 order enjoining a patentee from asserting patent infringement suits in a proceeding in the ITC and  
27 in a district court due to a forum selection clause. *General Protecht Group, Inc. v. Leviton Mfg.*  
28 *Co.*, No. 2011-1115 (Fed. Cir. July 8, 2011) (hereinafter "*General Protecht*").

Accordingly, Mobility respectfully requests the Court to temporarily restrain Microsoft from pursuing its infringement claims on the '352 and '517 patents in the ITC and in the Western District of Washington including ordering Microsoft to seek termination and dismissal, respectively, of these actions.

## **STATEMENT OF FACTS**

### **I. STANDARD SETTING ORGANIZATIONS AND THE SD CARD ASSOCIATION**

The SD Card Association is a standards setting organization that develops and implements standards for removable and embedded memory card storage. The SDA permits SDA members to contribute technology for incorporation into the SDA standards, if those contributions are made pursuant to certain requirements. The SDA also provides members with the opportunity to license technology owned by the SDA through the HALA license agreement. Mobility has been an SDA Member since 2001.

The SDA has developed policies and rules regarding the disclosure and licensing of patents implicated by proposed or adopted SDA specifications. These policies and rules are set out, among other places, in the SDA Intellectual Property Policy ("IP Policy"). (Ex. 1,<sup>3</sup> SDA IP Policy, *available at* <http://www.sdcard.org/developers/join/ippolicy32909.pdf>.)

### **II. MICROSOFT'S COMMITMENTS TO THE SDA AS A HALA LICENSEE AND SDA MEMBER**

On April 10, 2003, Microsoft entered into a HALA, which gave Microsoft certain license rights under technology owned by the SDA ("the Microsoft HALA"). (Ex. 2, MSMOTOITC-VOL12-00355929-962.) In addition to the obligations in the HALA, Microsoft agreed to follow the SDA IP Policy. The current IP Policy provides that "[b]y joining or continuing to participate in the SDA, each Member agrees to abide by the terms of this IP Policy including with respect to any Adopted Specifications which were adopted prior to or during its membership." (Ex. 1 at 1.) The Microsoft HALA incorporated by reference the (then current) SDA IP Policy and binds

<sup>3</sup> "Ex. \_\_\_\_" refers to the Exhibits attached to the accompanying Declaration of David A. Perlson in Support of Counterclaimant Motorola Mobility's Motion for Temporary Restraining Order ("Perlson Decl.").

<sup>4</sup> See also ¶¶ 27-50 of Counterclaims, Docket Entry 1.

1 Microsoft to the terms of the SDA IP Policy. (Ex. 2 at Section 10.3 (MSMOTOITC-VOL12-  
2 00355941).)

3 Further, the SDA IP Policy is incorporated by reference into the SDA's mandatory  
4 Amended and Restated Bylaws. (Ex. 3, SDA Bylaws, *available at*  
5 [http://www.sdcard.org/developers/join/amended\\_bylaws.pdf](http://www.sdcard.org/developers/join/amended_bylaws.pdf).) Section 2.2 of the Bylaws requires  
6 Executive Members, of which Microsoft is one, to "[a]gree to adhere to the Association's Bylaws,  
7 its policies and regulations as adopted from time to time (including . . . its Intellectual Property  
8 Policy . . . )." (Ex. 3, SDA Bylaws, at Section 2.2; Ex. 4, SDA Executive Members, *available at*  
9 [http://www.sdcard.org/developers/about/member\\_companies/exec/](http://www.sdcard.org/developers/about/member_companies/exec/).) Similarly, Section 2.4 of the  
10 Bylaws requires General Members to "[a]gree to adhere to the Association's Bylaws, its policies  
11 and regulations as adopted from time to time (including . . . its Intellectual Property Policy . . .  
12 )." (Ex. 3, SDA Bylaws, at Section 2.4.)

13 As set forth further in Paragraphs 39 to 50 of the Counterclaims, Docket Entry 5, because  
14 Microsoft contributed technology for adoption into SDA standards, and this technology was  
15 incorporated into final SDA specifications, Microsoft was obligated to provide RAND licensing  
16 terms on any patents covering the contributed technology. For example, Section 2 of the SDA IP  
17 Policy incorporated by reference into Microsoft's HALA requires all Members to offer a license  
18 on RAND terms to other Members and non-member licensees ("Licensees") patent claims that are  
19 required to implement the specifications formally adopted by the SDA as part of the standard.  
20 (Ex. 2, MSMOTOITC-VOL12-00355958.) The SDA's current IP Policy includes this same  
21 requirement. (Ex. 1 at 1.)

22 **III. THE MANDATORY FORUM SELECTION CLAUSES IN THE HALA AND SDA**  
23 **IP POLICY.**

24 The IP Policy anticipates that its terms may lead to litigation between third parties. For  
25 example, Section 2 of the current IP Policy addresses situations where a Licensee "has  
26 commenced or has threatened to comment patent litigation on an Essential Patent Claim." (Ex. 1  
27 at 1.) Section 6 states that "Members agree that both the SDA, each member of the 3C Members  
28 and the SD-3C, LLC shall have standing and rights to enforce their respective interests in any

1 intellectual property covered by this policy." (Ex. 1 at 5.) The IP Policy ends with a mandatory  
2 forum selection clause in Section 11 stating: "The IP Policy will be governed by the laws of the  
3 State of California, USA and the federal and state courts located in California shall have exclusive  
4 jurisdiction regarding any matters under this IP Policy." (Ex. 1 at 6.)

5 The Microsoft HALA also includes a forum selection clause in Section 15.6 stating that:  
6 "ALL DISPUTES BETWEEN THE PARTIES HERETO ARISING OUT OF OR IN  
7 CONNECTION WITH THE INTERPRETATION OR EXECUTION OF THIS AGREEMENT, . .  
8 . [AND] THE SD SPECIFICATIONS . . . SHALL BE FINALLY SETTLED BY THE FEDERAL  
9 OR STATE COURTS LOCATED IN THE COUNTY OF SANTA CLARA IN THE STATE OF  
10 CALIFORNIA." (Ex. 2, MSMOTOITC-VOL12-00355947.) The forum selection adds that  
11 "EACH PARTY TO THIS AGREEMENT HEREBY: (i) IRREVOCABLY CONSENTS TO THE  
12 EXCLUSIVE JURISDICTION OF SUCH COURTS FOR THE RESOLUTION OF SUCH  
13 DISPUTES; . . . (iii) IRREVOCABLY WAIVES ANY OBJECTIONS THAT IT MAY NOW OR  
14 HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN SUCH  
15 COURTS OR TO THE CONVENIENCE OR INCONVENIENCE OF CONDUCTING OR  
16 PURSUING ANY ACTION OR PROCEEDING IN ANY SUCH COURT." (*Id.*)

17 **IV. MICROSOFT'S PROMOTION OF TECHNICAL CONTRIBUTIONS TO BE**  
18 **INCLUDED IN DEVELOPMENT OF SD CARD SPECIFICATION VERSION**  
**2.00.**<sup>5</sup>

19 In 2004 and 2005, Microsoft aggressively sought to have the SDA incorporate its technical  
20 contributions into SDA standards, through among other things, having its employees attend SDA  
21 technical meetings to help promote incorporation of these contribution into finalized standards.  
22 For example, on February 27, 2004, Microsoft's Rajeev Nagar and Akil Houston attended a  
23 meeting of the SD File System Task Group, where attendees discussed a "File system comparison  
24 between FAT 32 and UDF 2.5." (Exhibit 5, MSMOTOITC-VOL33-00468002.) In particular,  
25 the Group spent at least 2 hours "compar[ing]" Microsoft's proposed FAT 32 contribution and the  
26 alternative Universal Disk Format ("UDF") Specification Revision 2.50. *Id.*; *see also* UDF  
27 Specification Revision 2.50, *available at* <http://www.osta.org/specs/pdf/udf250.pdf>.

28 <sup>5</sup> See also ¶¶ 52-62 of Counterclaims, Docket Entry 5.

1 Microsoft formalized its RAND commitment and technical contribution to the SDA in an  
2 August 31, 2005 assurance letter. (Ex. 6, MSMOTO-ITC-VOL03-00265100-164.) The letter  
3 included a section entitled "Essential Patent Claims Disclosure," in which Microsoft disclosed  
4 "Patents that have essential patent claims with respect to the Microsoft Contribution." (*Id.* at 1,  
5 MSMOTO-ITC-VOL03-00265100.) The asserted FAT Patents were among the patents  
6 Microsoft listed as having essential patent claims. (*Id.* at 2, MSMOTO-ITC-VOL03-00265101.)

7 Microsoft's technical contributions provided as part of this assurance letter also included  
8 the "Microsoft FAT32 Specification" and "Microsoft LFN Specification." (Ex. 6, MSMOTOITC-  
9 VOL03-00265103-39.) Microsoft declared the '517 and '352 patents necessary to practice these  
10 FAT32 and LFN Specifications and that "[i]n the event that SDA elect[ed] to incorporate any  
11 portion of the Microsoft Contribution as an optional portion of an SDA Specification, Microsoft  
12 [agreed] to provide [a] RAND license assurance" for those patents, including the FAT Patents.  
13 (Exhibit 6, MSMOTO-ITC-VOL03-00265100.) In particular, Microsoft stated that it "is willing  
14 to make licenses available for products implementing the Microsoft LFN Specification on a  
15 RAND, royalty-bearing basis. To the extent Microsoft has patent claims essential to  
16 implementing the Microsoft FAT32 Specification, Microsoft will offer licenses to such patent  
17 claims on a RAND, royalty-free basis for products conforming to the specification." (*Id.*,  
18 MSMOTO-ITC-VOL03-00265101.) Microsoft's FAT 32 and LFN contributions were  
19 incorporated into Version 2.00 of the SD Specification published on May 9, 2006. (*See* Ex. 7, SD  
20 Specification Part 2 (File System) Version 2.00, MOTO-MS-005971287-346.)

21 **V. MOBILITY'S PRE-SUIT REQUESTS FOR A RAND LICENSE**

22 Mobility's (and its predecessor's, collectively or individually "Mobility")<sup>6</sup> requests for a  
23 RAND license to the FAT Patents predate the FAT Actions. As acknowledged by Microsoft  
24 internally, between in or about December 2006 and January 2007, Mobility contacted Microsoft  
25 regarding potential licensing terms for a FAT license. (Exhibit 8, MSMOTOITC-VOL03-  
26 00262457-58.) On January 27, 2007, Mobility again contacted Microsoft regarding obtaining a  
27 license for "adding the ability to format [SD] memory cards which are inserted using FAT-32."

28 <sup>6</sup> On January 4, 2011, Motorola Mobility Holdings, Inc. split off from Motorola, Inc.



1 (Exhibit 9, MSMOTOITC-VOL03-00262453.) Mobility followed up yet again on February 3  
2 and February 14, 2007. (*Id.*, MSMOTOITC-VOL03-00262452; Exhibit 10, MSMOTO-VOL03-  
3 00264310.) Microsoft did not respond to Mobility's requests for licensing terms. Mobility was  
4 an active HALA Licensee during the course of these discussions.

5 **VI. MICROSOFT FILES PATENT INFRINGEMENT SUITS OUTSIDE THE**  
6 **NORTHERN DISTRICT OF CALIFORNIA AND DELAYS PRODUCING**  
**RELEVANT DOCUMENTS.**

7 In October 2010, without ever making any RAND offer to Mobility, Microsoft filed  
8 actions asserting the '517 and '352 patents, among others, against Mobility in the FAT Actions.  
9 See Perlson Decl. ¶ 31. Both of the exemplary claim charts provided by Microsoft in its ITC  
10 Complaint read on Mobility devices' purported "ability to support microSD flash memory." (*See*,  
11 *e.g.*, Ex. 11 at 1, 4, 7, 9, 13, 15, 18 and 20; Ex. 12 at 1, 5, 8, 11).

12 Mobility has been pursuing its RAND rights and defenses concerning the FAT Patents  
13 since the beginning of the ITC Investigation. Mobility's ninth (Express or Implied License) and  
14 tenth (Acquiescence, Estoppel, Waiver, or Laches) affirmative defenses both relate at least in part  
15 to Microsoft's assertion of the FAT Patents without first offering Mobility a RAND license. (Ex.  
16 13 at 32-34; Mobility's Response and Affirmative Defenses to Microsoft's Amended Complaint,  
17 Inv. No. 337-TA-744 (U.S.I.T.C. Nov. 22, 2010).) Mobility's development of these defenses,  
18 however, depended in part on Microsoft producing documents within its custody and control.  
19 Accordingly, Mobility's discovery requests sought documents related to its RAND licensing  
20 defenses. (*See, e.g.*, Ex. 14, Mobility' First Set of Requests for Production of Documents and  
21 Things, Requests 1, 8, 30, 32, 45, 48 (served Nov. 8, 2010).)

22 Frustrated by Microsoft's delay in producing RAND-related discovery documents for the  
23 first six months of the investigation, Mobility emailed Microsoft on April 28, 2011, and again on  
24 May 6, 2011, demanding Microsoft to live up to its contractual obligations and to provide  
25 Mobility with what it believes to be RAND terms for the FAT Patents. (*See* Ex. 15.) Microsoft  
26 refused to do so.

1 On May 16, 2011, Microsoft finally produced its HALA to Mobility. (See Ex. 16; Ex. 2,  
2 MSMOTOITC-VOL12-00355929-62.) On May 26, 2011, Mobility again contacted Microsoft to  
3 request RAND terms for the FAT Patents. (Ex. 17.) Microsoft did not respond.

4 **VII. MOBILITY SEEKS JUDICIAL INTERVENTION TO ENFORCE MICROSOFT'S**  
5 **OBLIGATIONS UNDER THE SDA IP POLICY AND THE MICROSOFT HALA**

6 Mobility filed Counterclaims in the ITC on June 22, 2011, and removed those claims to  
7 this District. (See Ex. 18; Docket Entry 1.) The counterclaims plead (1) breach of contract under  
8 the HALA Agreement; (2) breach of contract under the SDA IP Policy; (3) promissory estoppel;  
9 (4) violation of Section 2 of the Sherman Act; and (5) violation of Unfair Competition Law, Cal.  
10 Bus. & Prof. Code § 17200, et seq. Microsoft filed its Answer to the counterclaims on July 21.  
11 See Docket Entry 23.

12 On June 22, 2011, Mobility also moved to terminate the ITC investigation with respect to  
13 the FAT patents on the basis of improper forum. (Ex. 19.) Microsoft filed its opposition on July  
14 5, 2011. (Ex. 20.) On July 8, Mobility sought leave to file a reply. (Ex. 21.) Microsoft  
15 opposed Mobility's motion for leave to file a reply on July 19. (Ex. 22.) The motion to  
16 terminate is currently pending, but if granted, would moot the instant motion.

17 As Microsoft continues to move forward with its ITC action and given that the hearing on  
18 Microsoft's claims in the ITC begins on August 22, 2011, Mobility files the present motion.

19 **LEGAL STANDARD**

20 A plaintiff seeking a preliminary injunction or temporary restraining order ("TRO") must  
21 establish (1) it is likely to succeed on the merits, (2) a likelihood of irreparable harm absent the  
22 TRO, (3) the balance of equities tips in its favor, and (4) the TRO is in the public interest. See  
23 *Alliance for Wild Rockies v. Cottrell*, 632 F.3d 1127, 1131 (9th Cir. 2010) (quoting *Winter v.*  
24 *Natural Resources Defense Council*, 555 U.S. 7, 129 S. Ct. 365, 374 (2008)); *Beckman Coulter,*  
25 *Inc. v. Beckcoulter.com*, No. C 10-03110-JF, 2010 WL 2985560, at \*3 (N.D. Cal. July 6, 2010)  
26 (Fogel, J.) ("The standard for issuing a TRO is the same as issuing a preliminary injunction.").

27 The showing required under each element is not fixed. The elements "are balanced, so  
28 that a stronger showing of one element may offset a weaker showing of another." *Cottrell*, 632



1 F.3d at 1131. Under this "alternative" TRO standard, "'serious questions going to the merits' and  
2 a hardship balance that tips sharply toward the plaintiff can support issuance of an injunction, so  
3 long as the plaintiff also shows a likelihood of irreparable injury and that the injunction is in the  
4 public interest." *Id.* at 1135.

5 A district court can properly issue a TRO or preliminary injunction, enjoining a party from  
6 proceeding in a patent infringement suit in another jurisdiction, on the basis of an applicable  
7 forum selection clause. *See General Protecht Grp., Inc. v. Leviton Mfg. Co.*, No. 10-cv-1020,  
8 2010 U.S. Dist. LEXIS 137160 (D.N.M. Dec. 7, 2010), *aff'd*, *General Protecht*, No. 2011-1115  
9 (Fed. Cir. July 8, 2011). Such clauses are favored in the Ninth Circuit:

10 Forum selection clauses are *prima facie* valid, and are enforceable absent a strong  
11 showing by the party opposing the clause that enforcement would be unreasonable  
12 or unjust, or that the clause is invalid for such reasons as fraud or overreaching.  
13 The opposing party has the burden to show that trial in the contractual forum would  
be so gravely difficult and inconvenient that he will for all practical purposes be  
deprived of his day in court.

14 *Manetti-Farrow, Inc. v. Gucci America, Inc.*, 858 F.2d 509, 514-15 (9th Cir. 1988) (citations and  
15 quotations omitted). The list of entities that can enforce a forum selection clause in a contract is  
16 not limited by its signatories. Rather, "[a] range of transaction participants, parties and non-  
17 parties, should benefit from and be subject to forum selection clauses." *Id.* at 514 n.5; *Freitsch v.*  
18 *Refco*, 56 F.3d 825, 827 (7th Cir. 1995) ("[C]ourts in this country . . . enforce forum selection  
19 clauses in favor of non-parties 'closely related' to a signatory."); *Allianz Global Risk U.S. Ins. v.*  
20 *General Electric Co.*, No. 09-cv-09033-DDP, 2010 WL 749876, (C.D. Cal. Mar. 1, 2010)  
21 (enforcing an arbitration clause raised by a non-party to a contract); *Three Brothers Trucking, Inc.*  
22 *v. Exel Global Logistics, inc.*, No. 06-1816-WDB, 2006 WL 1329883 (N.D. Cal. May 16, 2006)  
23 (enforcing forum selection clause against third party beneficiary).

#### 24 ARGUMENT

#### 25 I. MOBILITY IS LIKELY TO SUCCEED ON THE MERITS OF ITS CLAIM THAT 26 MICROSOFT UNLAWFULLY FILED AND PURSUED PATENT INFRINGEMENT CLAIMS IN IMPROPER FORUMS

27 Mobility's counterclaims plead, among other things, that Microsoft breached its contractual  
28 obligations to the SDA by failing to offer Mobility a license to the FAT Patents on RAND terms

1 before initiating a patent infringement suit, and that Microsoft further breached its obligations by  
2 initiating these suits in improper forums. In seeking to enforce a forum selection clause by a  
3 TRO, Mobility need not establish conclusively that it would win on its RAND breach of contract  
4 claim. Rather, as the Federal Circuit recently held, Mobility need only show that the substantive  
5 RAND breach of contract claims subject to the forum selection clause are "non-frivolous."  
6 *General Protecht, slip. op. at 7.*

7 In *General Protecht*, Leviton sued General Protecht for patent infringement in the ITC and  
8 in the Northern District of California. A contractual relationship between Leviton and General  
9 Protecht contained a forum selection clause governing Leviton's infringement claims. General  
10 Protecht sued in the District Court of New Mexico asserting declaratory judgment claims for  
11 breach of contract, non-infringement, and invalidity, and moved to enjoin Leviton from  
12 proceeding in the ITC and in California on the patents at issue. The Federal Circuit upheld the  
13 district court order granting a preliminary injunction based on the forum selection clause. In so  
14 holding, the Federal Circuit explained that General Protecht had presented a non-frivolous dispute  
15 regarding the contract at issue that contained a forum selection clause, and that outcome of that  
16 dispute would be dispositive as to Leviton's claim of infringement. *General Protecht, slip. op. at*  
17 *6-7.* ("This case presents a non-frivolous dispute regarding the scope of a patent license. The  
18 outcome of that dispute will determine whether the patentee can sustain its suit for  
19 infringement."); *see also Texas Instruments Inc. v. Tessera Inc.*, 231 F.3d 1325 (Fed. Cir. 2000).

20 Here, Mobility's breach of contract claims are plainly non-frivolous. To date, Microsoft  
21 has not disputed that its commitments under these contracts are binding on Microsoft, or that it  
22 must provide RAND licenses on the FAT Patents at least for some fields of use of the patents.  
23 Microsoft also does not dispute it has not offered Mobility a license to the FAT Patents on any  
24 terms. The resultant injury to Mobility if in fact Microsoft has breached its RAND commitments  
25 is also seemingly not in dispute. Indeed, Mobility has suffered damage to its goodwill and  
26 business prospects, has been forced to litigate the FAT Patents in two forums which Microsoft had  
27 waived. And as further detailed below, Microsoft's contractual commitments apply to Mobility  
28

1 and, the forum selection clauses in the HALA and SDA IP Policy apply to Microsoft's patent  
2 infringement actions and Mobility's defenses in the ITC.

3 A. Third-Party Implementers like Mobility Are Beneficiaries of the Policies and  
4 Procedures Governing Standard Setting Organizations

5 Under California law, "a contract, made expressly for the benefit of a third person, may be  
6 enforced by him at any time before the parties thereto rescind it." CAL. CIV. CODE § 1559 (West).  
7 "The word 'expressly,' by judicial interpretation, has now come to mean merely the negative of  
8 'incidentally.' Also, the contract need not be exclusively for the benefit of the third party. He  
9 does not need to be the sole or the primary beneficiary." *Prouty v. Gores Tech. Grp.*, 121  
10 Cal.App. 4th 1225, 1232 (Cal. Ct. App. 2004) (quotations omitted); *KnowledgePlex, Inc. v.*  
11 *Placebase, Inc.*, No. 08-cv-4267, 2008 WL 5245484, at \*6 (N.D. Cal. Dec. 17, 2008) (Fogel, J.).  
12 As was stated by this Court: "As long as the terms of the contract necessarily require the promisor  
13 to confer a benefit on a third person, then the contract, and hence the parties thereto, contemplate a  
14 benefit to the third person." *KnowledgePlex, Inc.*, 2008 WL 5245484 at \*6 (quotations omitted).

15 Third-party implementers like Mobility are entitled to sue RAND promisors like Microsoft  
16 for breach of its RAND commitments. Indeed, if they were not, the RAND commitment would  
17 have little meaning, since the SSO itself is rarely if ever going to become embroiled in litigation  
18 over compliance with RAND obligations. Indeed, courts have repeatedly acknowledged the  
19 propriety of claims or defenses brought by third-party implementers asserting breach of a  
20 patentee's RAND commitments. See, e.g., *Qualcomm Inc. v. Broadcom Corp.*, 548 F.3d 1004,  
21 1024-26 (Fed. Cir. 2008); *Broadcom Corp. v. Qualcomm Inc.*, 501 F.3d 297, 314 (3d Cir. 2007).

22 This is likely why Microsoft itself has argued in an ongoing litigation in the Western  
23 District of Washington where Microsoft has alleged Mobility violated its own RAND obligations,<sup>7</sup>  
24 that in an SSO context, "*every third party*, including itself, 'that would potentially implement [the  
25 standards] was an intended beneficiary of those contracts' and that Mobility was 'contractually  
26 obligated to offer a license to any essential patents consistent with the applicable licensing  
27 commitments and the patent policy of the [two SSOs].'" *Microsoft Corp. v. Motorola, Inc.*,

28 <sup>7</sup> *Microsoft Corp. v. Motorola, Inc.*, Civ. No. 10-1823LJR (W.D. Wash.) (hereinafter  
"Washington RAND Litigation").

1 Docket Entry 66, No. C10-1823JLR, *slip op.* at 4-6 (W.D. Wash. June 1, 2011) (quoting  
2 Microsoft's Am. & Supp. Cmpl. ¶¶ 82-83, Docket Entry 53, No. 10-1823JLR (W.D. Wash. Feb.  
3 23, 2011)) (emphasis added).<sup>8</sup>

4 Microsoft's position in the Washington RAND Litigation is also consistent with speeches it  
5 has given to members of the RAND community over the years. At a standard-setting conference  
6 in Japan held in 2008, Amy Marasco, Microsoft's General Manager of Standards Strategy, stated  
7 that "[e]ssential patent claims should be available to *all implementers* under reasonable terms."  
8 (Ex. 23 at 6 (emphasis added).) At another standard-setting conference, this time held in the  
9 Netherlands in 2009, Ms. Marasco again stated that "A FRAND licensing commitment provides  
10 assurance to the standards body and its community that the patent holder will offer a FRAND  
11 license to *all implementers*." (Ex. 24 at 4 (emphasis added).)

12 **B. Mobility is a Third-Party Beneficiary of Microsoft's RAND commitments, and**  
13 **of the Forum Selection clauses requiring Microsoft's FAT Patent infringement**  
**claims to be heard in California.**

14 **1. Microsoft's RAND commitments apply to Mobility; Microsoft has**  
15 **breached these Commitments.**

16 Microsoft has made at least three separate commitments to license the FAT Patents to  
17 Mobility, on RAND terms. First, in 2003, Microsoft entered into the HALA with the SDA. (Ex.  
18 2.) The HALA incorporated by reference the version of the IP Policy in force at that time and  
19 provided in Section 10.3 that "Licensee agrees to abide by the terms and conditions of the SD  
20 Association Intellectual Property Policy, set forth as Schedule E and hereby incorporated by  
21 reference, and the term 'Member' shall be read to include Licensee where applicable, and the term  
22 'participate in the SDA' shall be read to include entering into this agreement." (Ex. 2 at  
23 MSMOTOITC-VOL12-00355941.) Second, pursuant to the SDA by-laws, Microsoft has  
24 committed during all the years it has been an SDA Executive Member to abide by the SDA IP  
25 Policy.  
26

27 <sup>8</sup> Notably, in the Washington RAND Litigation, which is still ongoing, Mobility has not  
28 disagreed with Microsoft that Microsoft is a third party beneficiary under Mobility's commitments  
to the relevant SSOs.

1 Third, Microsoft committed to license the FAT Patents, in particular, in its August 31,  
2 2005 contribution letter to the SDA setting out its Microsoft FAT32 and LFN technology  
3 contributions for incorporation into final SDA specifications. (Ex. 6.) In its letter to the SDA,  
4 Microsoft stated, "[p]ursuant to Section 5(ii) of the SDA IP Policy, Microsoft commits to the SDA  
5 that Microsoft will license its Essential Patent Claims in a non-discriminatory fashion and under  
6 reasonable terms and conditions to all SDA Members and non-SDA-Member licensees, solely to  
7 the extent required for such entities to implement finally-adopted SDA Specifications." (Ex. 6 at  
8 MSMOTOITC-VOL03-00265101.) In turn, the SDA IP Policy in Section 5(ii) requires that a  
9 Member contributing technology for incorporation into SDA specifications "agree to license in a  
10 non-discriminatory fashion for use in such implementation, upon reasonable terms and conditions  
11 provided in section 2, above, with or without charge, to all Licensees once the Specification is  
12 adopted by the SDA." (Ex. 6 at MSMOTOITC-VOL12-00355960.) Mobility's products at issue  
13 have at all relevant times been compliant with a "finally-adopted SDA Specification," and  
14 Mobility is thus is a third-party beneficiary to Microsoft's RAND promises. (Ex. 25, Microsoft's  
15 Supplemental Objections and Responses to Respondent Motorola, Inc. and Motorola Mobility,  
16 Inc.'s Second Set of Requests for Admission, at 67-69 (Response Nos. 279 (*sic*, 280) and 281 (*sic*,  
17 282).)

18 Given its contractual commitments to third party Mobility, Microsoft's obligation to  
19 provide a license to the FAT Patents on RAND terms, or at least provide Mobility an opportunity  
20 to take or negotiate such a license, is beyond dispute. Yet, beginning in late 2006 and early 2007,  
21 and continuing again since October 2010, Microsoft has (1) opposed disclosing any information  
22 regarding its RAND obligations on the FAT Patents, and (2) refused to offer Mobility any terms  
23 for a license on these patents. Thus, Microsoft has plainly breached its RAND commitment.

24 **2. Mobility is a third party beneficiary of the forum selection clauses that**  
25 **apply to Microsoft's infringement claims concerning the FAT patents.**

26 Like RAND promises Microsoft made to the SDA for the benefit of third party  
27 implementers like Mobility, the forum selection clauses at issue were also created for Mobility's  
28 benefit. They also apply to Microsoft's infringement claims concerning the FAT patents.

1 The forum selection clause in the current IP Policy states: "the federal and state courts  
2 located in California shall have exclusive jurisdiction regarding any matters under this IP Policy."  
3 (Ex. 1 at Section 11). As discussed in *infra* § I(C), Mobility's breach of contract allegations relate  
4 to at least Sections 2 and 5(ii) of the IP Policy. Similarly, whether Microsoft was somehow  
5 discharged of any obligation to provide a RAND license before initiating suit in the ITC also  
6 depends on Sections 2 and 5(ii). While these sections do not identify Mobility specifically by  
7 name, they do identify the class of parties – "Members and non-member licensees" (collectively  
8 "Licensees")– to whom Microsoft's RAND obligation is intended to apply. Mobility has been a  
9 Licensee at all relevant times, and Microsoft's breach of Sections 2 and 5(ii), and initiation of  
10 patent suits outside this forum, both "regard" a "matter[]" under [the] IP Policy."

11 Likewise, the forum selection clause in Microsoft's HALA provides "ALL DISPUTES  
12 BETWEEN THE PARTIES HERETO ARISING OUT OF IN CONNECTION WITH THE  
13 INTERPRETATION OR EXECUTION OF THIS AGREEMENT . . . SHALL BE FINALLY  
14 SETTLED BY THE FEDERAL OR STATE COURTS LOCATED IN THE COUNTY OF  
15 SANTA CLARA IN THE STATE OF CALIFORNIA." (Ex. 2 at Section 15.6 (MSMOTOITC-  
16 VOL12-00355947).) And for the avoidance of doubt, the HALA adds four explanatory sentences  
17 including obligating Microsoft to "irrevocably consent[]" to the bargained-for forum, and  
18 "irrevocably waive[]" any objection" that may be raised regarding the forum. (*Id.* at  
19 MSMOTOITC-VOL12-00355947 – 48.)

20 The forum selection clauses in the IP Policy and the HALA apply to both of the FAT  
21 Actions. Mobility's affirmative defenses (and counterclaims) to Microsoft's claims of  
22 infringement of the FAT Patents arise out of Microsoft's breach of its obligations under these  
23 agreements. (Ex. 13 at 32-34.) For example, Mobility's ninth affirmative defense of "Express or  
24 Implied License" and tenth affirmative defense of "Acquiescence, Estoppel, Waiver, or Laches"  
25 necessarily relate to the interpretation and execution of Microsoft's agreements, and are  
26 irrevocably governed by the controlling forum selection clauses, and therefore, must be heard in  
27 California. Thus, Microsoft's affirmative right to enforce the FAT Patents at all, obtain an  
28



1 exclusion order in the ITC, or obtain damages in Washington in excess of a RAND rate invokes  
2 Microsoft's compliance with the IP Policy and the Microsoft HALA.<sup>9</sup>

3 **C. Microsoft's Arguments in the ITC Seeking to Negate the Effect of the Forum**  
4 **Selection Clauses Are without Merit.**

5 **1. The forum selection clause in HALA can be enforced by third-party**  
6 **beneficiaries to the HALA including Mobility**

7 Microsoft argues in its Opposition to Motorola's Motion to Terminate With Respect to U.S.  
8 Patent Nos. 5,579,517 and 5,758,352 Based on Improper Forum ("Opposition") that Mobility  
9 cannot be a third-party beneficiary with respect to the forum selection clause in the HALA  
10 because the clause refers to "disputes between the parties" and Mobility is not a party to the  
11 HALA. (Ex. 20 at 8-9). In purported support for this argument Microsoft cites *Gambra v. Int'l*  
12 *Lease Fin. Corp.*, 377 F. Supp. 2d 810 (C.D. Cal. 2005). But in *Gambra*, the Court simply held  
13 that the plaintiffs could not enforce a forum selection clause because they were not third-party  
14 beneficiaries to the agreement at all. *Id.* at 821-22. *Gambra* does *not* hold that "even if plaintiffs  
15 were third party beneficiaries of the agreement in question" they at the same time "could not be  
16 'third party beneficiaries of the forum selection clause,'" as Microsoft asserts. (Ex. 20 at 9  
17 (emphasis added)). Indeed, because a forum-selection clause serves as a limitation on the ability  
18 to bring a case, permitting a third-party beneficiary to enforce a contract *without* being able to  
19 enforce (and therefore without being subject to) the forum selection clause "would create the  
20 anomalous result of providing greater benefits under the [contract] to the third party beneficiary"

21 <sup>9</sup> The Ninth Circuit's "alternative" test for a temporary restraining order/preliminary  
22 injunction lowers the first prong to showing only "serious questions going to the merits," and  
23 raises the second to showing a "hardship balance that tips sharply toward the plaintiff." *See*  
24 *Cottrell*, 632 F.3d at 1135. As detailed further below, here, the hardship balance tips sharply  
25 toward Mobility. Microsoft will suffer no cognizable injury if the Court requires it to dismiss its  
26 patent infringement claims on the FAT patents filed elsewhere and re-file them here. *General*  
27 *Protech*, slip op. at 19 ("Having contracted for a specific forum, Leviton should not be heard to  
28 argue that the enforcement of the contract into which it freely entered would cause hardship.").  
On the other hand, Mobility's injuries are substantial and include at least being forced to litigate in  
two improper forums and irreparable harm to its reputation and goodwill. Because Mobility's  
hardship is so much greater than Microsoft's, it only has to show "serious questions going to the  
merits" of its claims to obtain an injunction. *See Cottrell*, 632 F.3d at 1135. Mobility's evidence  
and arguments regarding the binding forum selection clause and Microsoft's violation of its RAND  
obligations, at the very least, raise "serious questions" and Mobility satisfies this reduced standard.

1 and would vitiate "settled law holding that a third party beneficiary cannot assert greater rights  
2 under the contract than those of the actual contracting party." *Mercury Casualty Co. v. Maloney*,  
3 113 Cal. App. 4th 799, 802-03 (Cal. Ct. App. 2003).

4 Moreover, as this Court has recently explained, "a formal third-party beneficiary  
5 relationship is not required to enforce [a] forum selection clause. . . . Instead, the test for non-  
6 signatories to an agreement is broader: 'In order to bind a non-party to a forum selection clause,  
7 the party must be "closely related" to the dispute such that it becomes "foreseeable" that it will be  
8 bound.'" *eBay Inc. v. Digital Point Solutions, Inc.*, No. CV 08-4052-JF, 2009 WL 2523733 (N.D.  
9 Cal. Aug. 17, 2009) (Fogel, J.) (citing *Hugel v. Corp. of Lloyd's*, 999 F.2d 206, 209 (7th Cir.  
10 1993); *Manetti-Farrow*, 858 F.2d at 514 n.5). Just as a third-party beneficiary may enforce a  
11 forum selection clause despite language purporting to limit it to disputes between "the parties," so  
12 may a party under this "broader" "closely related to the contractual relationship" test. For  
13 example, in *Allianz Global Risk U.S. Insurance v. General Electric Co.*, the Court enforced an  
14 arbitration clause in a contract raised by a non-signatory, despite language providing that  
15 arbitration would be limited to disputes between "the parties," because "issues that Allianz, the  
16 nonsignatory, is seeking to resolve in arbitration are fundamentally intertwined with the  
17 underlying contract." No. 09-cv-09033-DDP, 2010 WL 749876, at \*3 (C.D. Cal. Mar. 1, 2010).  
18 Similarly, in *Alternative Delivery Solutions, Inc. v. R.R. Donnelley & Sons Co.*, the Court—citing,  
19 among other precedent, *Manetti-Farrow*—held that a nonsignatory to the contract could enforce  
20 the forum selection clause, despite the fact that the clause explicitly provided that "*the parties*  
21 submit unconditionally to the laws and jurisdiction of the competent courts of law sitting in  
22 Mexico City." 2005 WL 1862631, at \*5, 15-16 (W.D. Tex. July 8, 2005) (emphasis added).  
23 Accordingly, Mobility may enforce the forum selection clause not only as a "formal third-party  
24 beneficiary" to the HALA, but also because it is "closely related" to the contractual transaction as  
25 an intended beneficiary under *Manetti-Farrow* and its progeny.



1                   **2.     Microsoft's RAND obligation extends to all third party implementers**  
2                   **and not just to those who have entered into their own HALA**

3             In its Opposition, Microsoft seeks to recast its RAND obligation as only applying to what  
4 it refers to as "SDA licensees." (Ex. 20 at 5, 6, and 9.) Microsoft is doing a sleight of hand.  
5 The term "SDA licensee" appears nowhere in the current IP Policy, the Microsoft HALA, the IP  
6 Policy incorporated by reference in the HALA, or even in Microsoft assurance letter from  
7 August 31, 2005. Instead, Section 2 of the IP Policy states "each Member must be prepared to  
8 license in a non-discriminatory fashion, and on reasonable terms, to all other Members and non-  
9 member licensees (collectively, "Licensees") of the SDA-adopted specifications and any  
10 successive parts or versions thereof (collectively, the "Specifications"), such Member's patent  
11 claims, existing and pending, which are required to implement the released and published  
12 Specifications ("Essential Patent Claim(s))." (Ex. 1 at 1.)

13             This language in no way limits the RAND obligation to *only* licensees of the SDA itself,  
14 but rather broadly applies to licensees of the specifications, parts thereof and critically, of  
15 Member's "Essential Patent Claims." If the SDA meant that the term "Licensee" in the IP Policy  
16 referred to a party that has signed a HALA or SD Memory Card License Agreement, the two ways  
17 to obtain a license from the SDA, it would have defined it that way. Indeed, those agreements are  
18 specifically referred elsewhere in the IP Policy but, significantly, not in applicable Section 2.  
19 Rather, the SDA decided to define "Licensee" in the IP Policy differently, to broadly include any  
20 Members or non-Members interested in a RAND license to an essential patent claim for  
21 implementing the published Specification. Mobility without question is a "Licensee" under this  
22 correct interpretation.

23             Microsoft's commitment letter is also perfectly consistent with this correct interpretation.  
24 It states: "As stated above, Microsoft is willing to make licenses available for products  
25 implementing the Microsoft LFN Specification on a RAND, royalty-bearing basis. To the extent  
26 Microsoft has patent claims essential to implementing the Microsoft FAT Specification, Microsoft  
27 will offer licenses to such patent claims on a RAND, royalty-free basis for products conforming to  
28 the specification." (Ex. 2 at MSMOTOITC-VOL03-00265101.) This commitment is in no way

1 limited to licensees of the SDA. Nevertheless, Microsoft seeks to play word games with the  
2 language in the letter that says "Microsoft commits to the SDA that Microsoft will license it[s]  
3 Essential Patent Claims in a non-discriminatory fashion and under reasonable terms and  
4 conditions to all SDA Member and non-Member licensees, solely to the extent required for such  
5 entities to implement finally adopted SDA Specifications." (*Id.*)

6 When using the term "licensees" here Microsoft is not referring to "SDA licensees."  
7 Nowhere is the commitment limited to those who have a license from the SDA. Instead, as in the  
8 IP Policy, the commitment is to anyone who wants to license Microsoft's Essential Patents for  
9 implementing the SDA Specifications, whether that licensee is an SDA Member or not an SDA  
10 Member. Indeed, the sentence that follows, "Microsoft will grant such licensees to the SDA  
11 Members and non-SDA-Members pursuant to separate license agreements," resolves any doubt  
12 that "SDA" modifies "Member" and "non-member", not "licensee." In sum, Microsoft's  
13 commitment refers to Members and non-Members, and encompasses any entity, including  
14 Mobility, that seeks to implement the released and published specifications. In any event, even  
15 under Microsoft's misreading of the SDA IP Policy, because Mobility is currently a HALA  
16 licensee, Microsoft has an obligation under its SDA commitments to provide Mobility a license on  
17 the FAT Patents on RAND terms.<sup>10</sup>

18 **II. MOBILITY HAS SUFFERED AND WILL CONTINUE TO SUFFER**  
19 **IRREPARABLE HARM**

20 **A. Being Forced to Litigate in the ITC and in the Western District of Washington**  
21 **Constitutes Irreparable Harm**

22 Courts consistently find, and often *presume*, irreparable harm where, as here, a party has  
23 sued in an improper forum in violation of a forum selection clause binding both parties. The  
24 harm suffered by Mobility is not abstract and does not depend on contingent future events.

25 In *General Protecht*, the Federal Circuit held that being forced to litigate in the ITC (and in  
26 another case that has been stayed), and having to litigate the forum selection clause itself, both  
27 constituted irreparable harm:

28 <sup>10</sup> Mobility's HALA license expired on November 30, 2008, but was renewed on May 26, 2011.

1 [General Protecht Group] was entitled to litigate this action in the District of New  
2 Mexico by virtue of the forum selection clause to which Leviton agreed. Any  
3 irreparable harm resulting from the incremental challenge of also litigating in  
4 California and the ITC, would be the consequence of Leviton's election to sue in  
5 two other forums, both of which it had already bargained away. Moreover, by suing  
6 in both California and the ITC, Leviton had already imposed the burden of dual  
7 litigations on [General Protecht Group], notwithstanding the automatic stay of the  
8 district court case pending the 337 investigation. At most, Leviton has suggested  
9 that [General Protecht Group] would not suffer irreparable harm as a result of  
10 litigating the choice of forum first in California. But litigating the choice of forum  
11 issue itself is not the basis of irreparable harm in the present case.

12 *General Protecht*, slip op. at 17. That is exactly the case here, where Microsoft continues to  
13 aggressively pursue its claims in the ITC in violation of the applicable forum selection clauses.

14 Further, monetary damages would not adequately compensate Mobility for any of  
15 Microsoft's breaches. Rather, Mobility has suffered the further irreparable harm of  
16 "inconvenience, disruption of its business, loss of good will, and financial business hardship" of  
17 litigating both in this District and in the ITC. *Ciena Corp. v. Nortel Networks, Inc.*, No. 2:05-cv-  
18 14, 2005 WL 1189881, at \*7 (E.D. Tex. May 19, 2005). The ITC's fast-track nature has and  
19 continues to impose difficult discovery, briefing and trial schedules on Mobility. Worse still,  
20 witnesses and deponents in the ITC may have to appear again in this forum if Microsoft is not  
21 compelled to file the FAT Patents in this District. *Id.* The prejudice to Mobility of having "to  
22 fight infringement battles on [multiple] fronts", in contradiction of the mandatory forum selection  
23 clause, has been found by the Federal Circuit on two separate occasions to constitute irreparable  
24 harm. *Texas Instruments Inc. v. Tessera, Inc.*, 231 F.3d 1325, 1332 (Fed. Cir. 2000); *General*  
25 *Protecht*, slip op. at 15-18.

26 **B. Mobility Did Not Unreasonably Delay Enforcement of Its Rights**

27 Microsoft may argue as it did in its Opposition that Mobility somehow waited "too long to  
28 raise" the forum selection clauses in the current case. (Ex. 20 at 10.) To the extent there has  
been any delay at all, it can be attributed to Microsoft's recalcitrance in producing documents  
relevant to its RAND obligations or Mobility's attempts to resolve the RAND issues out of the  
courtroom.

1 As has been explained by this Court, an "unreasonable delay in seeking injunctive relief  
2 may negate the showing of *imminent*, irreparable harm required for a preliminary injunction," but  
3 "a reasonable delay caused by a plaintiff's good faith efforts to investigate the case will not  
4 preclude the required showing." *Mandrigues v. World Say, Inc.*, No. C07-4497-JF, 2008 WL  
5 5221074, at \*4 (N.D. Cal. Dec. 12, 2008) (quotation marks omitted) (Fogel, J.); *see also Toyota*  
6 *Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1183 (9th Cir. 2010) (two-year delay where  
7 harmed party diligently pursued alternative ways of resolving conflict). In *Mandrigues*, this  
8 Court found that a "fourteen-month lapse between the filing of the complaint and motion for a  
9 preliminary injunction" did "not foreclose the showing of imminent, irreparable injury," since the  
10 moving parties had been "engaged in discovery . . . potentially relevant to their motion." 2008  
11 WL 5221074, at \*4. Such is the case here.

12 Mobility has been diligently pursuing resolution of the underlying issues governing this  
13 case since at least November 2010. Mobility's first set of document requests, served November 8,  
14 2010, contained numerous requests which easily covered Microsoft's RAND obligations to the  
15 SDA and under the HALA. For example, Request for Production No. 8 asked for documents  
16 related to the "enforceability of any of the Asserted Claims." (Ex. 14 at 5). As demonstrated by  
17 the *Qualcomm Inc. v. Broadcom Corp.*, 548 F.3d 1004 (Fed. Cir. 2008), a party's ability to enforce  
18 any valid and infringed patents goes hand in hand with commitments the patentee has made to an  
19 SSO that has incorporated technology reading on those patents into a standard. Likewise,  
20 Request for Production No. 30 covered the letter, with accompanying technical and test  
21 specifications, which Microsoft sent to the SDA on August 31, 2005. (Ex. 14 at 9-10.) Other  
22 document requests that obligated Microsoft to produce documents relating to its FAT Patent  
23 RAND obligations include at least Requests for Production 1, 32, 45, and 48.

24 On April 28, 2011, Mobility emailed Microsoft requesting a RAND license to the FAT  
25 Patents. (Ex. 15.) On May 4, Microsoft replied, mischaracterizing the demand for RAND  
26 licensing terms as "an effort to inject the settlement discussions into the discovery process into the  
27 case." (*Id.*) Microsoft failed to provide any licensing terms. Again on May 6, 2011, Mobility  
28 requested that Microsoft "promptly provide its FRAND license terms for the FAT patents." (*Id.*)

1 Microsoft never replied. Ten days later, on May 16, 2011, and nearly seven months after initially  
2 filing suit, Microsoft finally produced a copy of the HALA Agreement. (Ex. 2; Ex 16.) On May  
3 26, 2011, Mobility sent another letter to Microsoft, once more demanding a RAND license to the  
4 FAT Patents. (Ex. 17.) Microsoft again did not respond. Mobility filed the Counterclaims in  
5 the present action on June 22, 2011.

6 Mobility also only recently discovered – through a deposition held on June 17 – about  
7 Microsoft's FAT Patent licensing efforts for companies similarly situated to Mobility. (Ex. 26.)  
8 And only on June 22, 2011 did Microsoft produce a license for the FAT Patents applying to  
9 smartphones. (See Exs. 27-28.) This patent license was not listed in Microsoft Complaint or  
10 Amended Complaint. Yet, this license is more relevant to Microsoft's breach of its RAND  
11 commitments than any of the licenses Microsoft has produced to date.

12 With the ITC hearing scheduled August 22, 2011, the timing of this motion is also well  
13 within the window where the ITC would still grant Microsoft's motion for termination of the FAT  
14 Patents filed pursuant to a temporary restraining order issued by this Court. In the same *General*  
15 *Protecht* dispute, the ALJ quoted with approval an earlier Commission order stating that "in the  
16 absence of extraordinary circumstances, termination of the investigation will be granted to a  
17 complainant during the prehearing stage of an investigation." (See Ex. 29, *In the Matter of Certain*  
18 *Ground Fault Circuit Interrupters and Products Containing Same*, Inv. No. 337-TA-739, Order  
19 19 (U.S.I.T.C. Jan. 19, 2011) (quoting *In the Matter of Certain Ultrafiltration Sys. and*  
20 *Components Thereof, Including Ultrafiltration Membranes*, Inv. No. 337-TA-107, Comm'n Action  
21 and Order at 2 (U.S.I.T.C. Mar. 11, 1982)). Furthermore, the Commission Rules allow a motion  
22 for partial termination of an investigation "at any time prior to the issuance of an initial  
23 determination," 19 C.F.R. § 210.21(a)(1), which is not scheduled for until November 4, 2011.

24 Any delay in bringing this request for an injunction cannot be said to prejudice Microsoft.  
25 The relief Mobility seeks would only compel Microsoft to pursue its patent infringement claims in  
26 the Northern District of California, where Microsoft would still be potentially entitled to obtain the  
27 same type of relief it could in the ITC or the Western District of Washington.

1 **III. THE BALANCE OF HARDSHIPS TIPS DECISIVELY IN MOBILITY'S FAVOR**

2 The TRO that Mobility seeks will have no effect on Microsoft's potential future right to  
3 damages or injunctive relief on the FAT Patents. *General Protecht Group, Inc. v. Leviton Mfg.*  
4 *Co.*, No. 10-1020, 2010 U.S. Dist. LEXIS 137160, at \*4 (D.N.M. Dec. 7, 2010) ("injunctive relief  
5 will not likely materially harm [the patentee], as the District of New Mexico can, for the most part,  
6 grant [the patentee] the same relief it could obtain in the ITC action."); *Ciena Corp.*, 2005 WL  
7 1189881, at \*8.

8 Microsoft's seven other patents in the ITC—along with the fourteen other patents it has  
9 asserted against Mobility in jurisdictions including the Southern District of Florida, Western  
10 District of Washington, and Western District of Wisconsin—will proceed in the normal course.  
11 Any harm that Microsoft could possibly experience by a brief delay in the adjudication of two of  
12 the 23 patents it has asserted against Mobility would be miniscule. Moreover, Microsoft is  
13 familiar with this District, as it has recently filed suits and been transferred here.<sup>11</sup> *Id.*

14 Mobility, on the other hand, suffers immediate and irreparable harm to its business  
15 operations and goodwill, and is forced to litigate the FAT patents in multiple forums. Microsoft  
16 may attempt to argue that these Counterclaims unnecessarily added yet an additional forum to the  
17 dispute between the parties. But "any irreparable harm resulting from the incremental challenge  
18 of also litigating in" the Western District of Washington and the ITC "would be the consequence  
19 of [Microsoft's] election to sue in two other forums, both of which it had already bargained away."  
20 *General Protecht, slip op.* at 17. It was Microsoft, not Mobility, who violated the forum selection  
21 clauses by bringing suit in these other forums in the first place.

22 Even if Microsoft could show that it would suffer some small degree of comparable harm  
23 from the issuance of a TRO (which it cannot), any harmed interest of Microsoft would be  
24 illegitimate—the direct result of Microsoft's own breach of its RAND obligations, and subsequent

25  
26 <sup>11</sup> See, e.g., *Microsoft Corp. v. TiVo Inc.*, Docket Entry 34, No. C11-00134 (W.D. Wash.  
27 May 19, 2011) (transferring case from W.D. Wash. to N.D. Cal.); *Microsoft Corp. v. PartsRiver,*  
28 *Inc.*, No. 4:10-cv-05108-CW (N.D. Cal. filed Nov. 10, 2010); *Microsoft Corp. v. TiVo Inc.*, No.  
5:10-cv-00240-LHK (N.D. Cal. filed Jan. 19, 2010); *Microsoft Corp. v. Coast Networks Inc.*, No.  
3:09-cv-04840-MHP (N.D. Cal. filed Oct. 13, 2009).



1 suit in an improper forum. Clearly, the party opposing injunctive relief "do[es] not have a right to  
2 reap profits from" its wrongful conduct. *Grooms v. Legge*, No. 09-cv-489-IEG, 2009 WL  
3 962067, at \*13 (S.D. Cal. Apr. 8, 2009). Microsoft bargained away the right to seek relief on the  
4 FAT Patents from the Western District of Washington and the ITC when it (1) became a member  
5 of the SDA; (2) declared the FAT Patents essential to a Microsoft Contribution ultimately  
6 incorporated into SD Specifications; and (3) entered into the HALA Agreement. Accordingly,  
7 the balance of hardships tips sharply in favor of Mobility.

8 **IV. CALIFORNIA HAS A STRONG PUBLIC INTEREST IN ENFORCING**  
9 **CONTRACTS AGREED TO BE ADJUDICATED IN THE NORTHERN DISTRICT**  
10 **AND UNDER CALIFORNIA LAW**

11 California has a public interest in granting Mobility's request for an injunction. As stated  
12 by the Federal Circuit in *General Protecht*, "public policy favors the enforcement of [an  
13 applicable] forum selection clause." *Slip op.* at 19-20; *M/S Bremen v. Zapata Off-Shore*, 407 U.S.  
14 1, 12-13 (1972) ("There are compelling reasons why a freely negotiated . . . agreement, unaffected  
15 by fraud, undue influence, or overweening bargaining power, such as that involved here, should be  
16 given full effect."); *Smith, Valentino & Smith, Inc. v. Superior Ct.*, 17 Cal.3d 491, 495 (Cal. 1976).

17 In contrast, enjoining Microsoft would not harm the public interest. "The preliminary  
18 injunction here will not and cannot enjoin the ITC action. There is no public interest served by  
19 excusing a party's violation of its previously negotiated contractual undertaking to litigate in a  
20 particular forum." *General Protecht*, *slip. op.* at 20 (citations and quotations omitted). There is  
21 similarly no public interest in letting the FAT Actions cases proceed simply because those cases  
22 involve patents. *See 3M Unitek Corp. v. Ormco Co.*, 96 F. Supp. 2d 1042, 1052 (C.D. Cal. 2000)  
23 ("If [protecting patents] were a sufficient public interest it would render the public interest element  
24 of the four part test superfluous, as it would always favor the [patentee].")

**CONCLUSION**

For the foregoing reasons, Counterclaimant Mobility respectfully requests that this Court grant its motion for a temporary restraining order.

Dated: San Jose, California  
July 29, 2011

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